

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Forest Township</b>	County <b>Missaukee</b>
Audit Date <b>3/31/04</b>	Opinion Date <b>6/17/04</b>	Date Accountant Report Submitted to State: <b>July 23, 2004</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

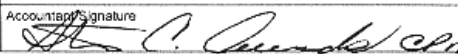
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- |   |   |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).  |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).  |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).   |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).  |

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGR).			✓

Certified Public Accountant (Firm Name) <b>BAIRD, COTTER AND BISHOP, P.C.</b>			
Street Address <b>134 W. HARRIS STREET</b>	City <b>CADILLAC</b>	State <b>MI</b>	ZIP <b>49601</b>
Accountant's Signature 		Date <b>7/21/04</b>	

**FOREST TOWNSHIP, MISSAUKEE COUNTY**

**LAKE CITY, MICHIGAN**

**MARCH 31, 2004**



FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

MARCH 31, 2004

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FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

MARCH 31, 2004

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*Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

June 17, 2004

INDEPENDENT AUDITORS' REPORT

To the Township Board  
Forest Township  
Missaukee County  
Lake City, Michigan

We have audited the accompanying general-purpose financial statements of Forest Township, Missaukee County, Lake City, Michigan as of and for the year ended March 31, 2004, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Township. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note I.B, the Township's policy is to prepare its general-purpose financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the cash balances of Forest Township, Missaukee County, Lake City, Michigan as of March 31, 2004, and the cash receipts it received and cash disbursements it paid for the year then ended on the basis of accounting described in Note I.B.

Our audit was conducted for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying financial information listed as "Financial Statements of Individual Funds" and "Other Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements, and in our opinion, it is fairly stated in all material respects in relation to the general-purpose financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*



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FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

ALL FUND TYPES AND ACCOUNT GROUP  
MARCH 31, 2004

		<u>GOVERNMENTAL FUND TYPES</u>	
		<u>GENERAL</u>	<u>SPECIAL REVENUE</u>
	<u>ASSETS</u>		
Cash			
Commercial Account		\$ 0	\$ 0
Money Market Accounts		176,402	57,414
Certificates of Deposit		32,284	0
Taxes Receivable		3,358	2,450
Land		0	0
Buildings and Improvements		0	0
Furniture and Equipment		0	0
		<hr/>	<hr/>
TOTAL ASSETS		<u>\$ 212,044</u>	<u>\$ 59,864</u>
	<u>LIABILITIES AND EQUITY</u>		
<u>LIABILITIES</u>			
Deferred Revenue		\$ 3,358	\$ 2,450
Payroll Withholdings Payable		803	0
		<hr/>	<hr/>
Total Liabilities		<u>\$ 4,161</u>	<u>\$ 2,450</u>
<u>EQUITY</u>			
Investment in General Fixed Assets		\$ 0	\$ 0
Balance			
Reserved for			
Road Improvements		0	30,176
Township Improvements		0	17,208
Unreserved		207,883	10,030
		<hr/>	<hr/>
Total Equity		<u>\$ 207,883</u>	<u>\$ 57,414</u>
		<hr/>	<hr/>
TOTAL LIABILITIES AND EQUITY		<u>\$ 212,044</u>	<u>\$ 59,864</u>

The accompanying notes are an integral part of these financial statements.

EXHIBIT A

FIDUCIARY FUND TYPE	AGENCY	ACCOUNT GROUP	TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	
\$	7	\$ 0	\$ 7
	0	0	233,816
	0	0	32,284
	0	0	5,808
	0	8,000	8,000
	0	26,028	26,028
	0	19,209	19,209
<hr/>			
\$	7	\$ 53,237	\$ 325,152
<hr/>			
\$	0	\$ 0	\$ 5,808
	0	0	803
<hr/>			
\$	0	\$ 0	\$ 6,611
<hr/>			
\$	0	\$ 53,237	\$ 53,237
	0	0	30,176
	0	0	17,208
	7	0	47,384
<hr/>			
\$	7	\$ 53,237	\$ 148,005
<hr/>			
\$	7	\$ 53,237	\$ 154,616
<hr/>			

The accompanying notes are an integral part of these financial statements.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u> (MEMORANDUM ONLY)
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	
<u>RECEIPTS</u>			
Taxes	\$ 41,254	\$ 20,767	\$ 62,021
State Grants	80,096	0	80,096
Charges for Services	1	0	1
Interest and Rents	646	125	771
Other Receipts	5,369	0	5,369
Total Receipts	<u>\$ 127,366</u>	<u>\$ 20,892</u>	<u>\$ 148,258</u>
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 7,070	\$ 0	\$ 7,070
General Government			
Supervisor	12,072	0	12,072
Elections	71	0	71
Assessor	21,421	0	21,421
Clerk	11,235	0	11,235
Board of Review	1,145	0	1,145
Treasurer	24,009	0	24,009
Building and Grounds	9,732	0	9,732
Public Safety	13,279	0	13,279
Public Works	1,600	2,764	4,364
Parks and Recreation	1,001	0	1,001
Other Functions	15,238	0	15,238
Total Disbursements	<u>\$ 117,873</u>	<u>\$ 2,764</u>	<u>\$ 120,637</u>
Excess of Receipts Over (Under) Disbursements	<u>\$ 9,493</u>	<u>\$ 18,128</u>	<u>\$ 27,621</u>

The accompanying notes are an integral part of these financial statements.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>GOVERNMENTAL FUND TYPES</u>		<u>TOTALS</u> <u>(MEMORANDUM</u> <u>ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL</u> <u>REVENUE</u>	
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 143	\$ 2,000	\$ 2,143
Operating Transfers Out	(2,000)	(143)	(2,143)
Total Other Financing Sources (Uses)	\$ (1,857)	\$ 1,857	\$ 0
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ 7,636	\$ 19,985	\$ 27,621
<u>BALANCE</u> - April 1, 2003	200,247	37,429	237,676
<u>BALANCE</u> - March 31, 2004	<u>\$ 207,883</u>	<u>\$ 57,414</u>	<u>\$ 265,297</u>

The accompanying notes are an integral part of these financial statements.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 38,384	\$ 41,254	\$ 2,870
State Grants	67,227	80,096	12,869
Charges for Services	0	1	1
Interest and Rents	2,640	646	(1,994)
Other Receipts	0	5,369	5,369
Total Receipts	\$ 108,251	\$ 127,366	\$ 19,115
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 12,696	\$ 7,070	\$ 5,626
General Government			
Supervisor	12,654	12,072	582
Elections	2,500	71	2,429
Assessor	24,588	21,421	3,167
Clerk	11,954	11,235	719
Board of Review	2,200	1,145	1,055
Treasurer	24,426	24,009	417
Building and Grounds	8,000	9,732	(1,732)
Public Safety	16,296	13,279	3,017
Public Works	2,200	1,600	600
Parks and Recreation	0	1,001	(1,001)
Other Functions	16,729	15,238	1,491
Total Disbursements	\$ 134,243	\$ 117,873	\$ 16,370
Excess of Receipts Over (Under)			
Disbursements	\$ (25,992)	\$ 9,493	\$ 35,485

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

SPECIAL REVENUE FUND TYPES			
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	
\$ 21,318	\$ 20,767	\$ (551)	
0	0	0	
0	0	0	
660	125	(535)	
0	0	0	
\$ 21,978	\$ 20,892	\$ (1,086)	
\$ 0	\$ 0	\$ 0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
0	0	0	
21,500	2,764	18,736	
0	0	0	
0	0	0	
\$ 21,500	\$ 2,764	\$ 18,736	
\$ 478	\$ 18,128	\$ 17,650	

The accompanying notes are an integral part of these financial statements.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL FUND		
	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In	\$ 0	\$ 143	\$ 143
Operating Transfers Out	(2,000)	(2,000)	0
Total Other Financing Sources (Uses)	\$ (2,000)	\$ (1,857)	\$ 143
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ (27,992)	\$ 7,636	\$ 35,628
<u>BALANCE</u> - April 1, 2003	200,247	200,247	0
<u>BALANCE</u> - March 31, 2004	\$ 172,255	\$ 207,883	\$ 35,628

The accompanying notes are an integral part of these financial statements.

EXHIBIT C

SPECIAL REVENUE FUND TYPES		
BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)
\$ 2,000 0	\$ 2,000 (143)	\$ 0 (143)
\$ 2,000	\$ 1,857	\$ (143)
\$ 2,478	\$ 19,985	\$ 17,507
33,634	37,429	3,795
\$ 36,112	\$ 57,414	\$ 21,302

The accompanying notes are an integral part of these financial statements.



FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. Reporting Entity**

Forest Township is a general law township located in Missaukee County which operates under the direction of an elected township board. Under the criteria established by generally accepted accounting principles, the Township has determined that there are no component units which should be included in its reporting entity.

**B. Measurement Focus, Basis of Accounting and Basis of Presentation**

The accounts of the Township are organized on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Township has no long-term debts which would be recorded in the general long-term debt account group.

The Township has the following fund types and account group:

Governmental funds are used to account for the Township's general government activities. The Township uses the flow of economic resources measurement focus and the modified cash basis of accounting for this fund which is an other comprehensive basis of accounting (OCBOA). Under the modified cash basis of accounting, revenues are recognized when collected (i.e., when cash is received). Expenditures are recorded when cash is disbursed.

Governmental funds include the following fund types:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes (not including expendable trusts or major capital projects).

Fiduciary Funds account for assets held by the Township in a trustee capacity or as an agent on behalf of others.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

The Current Tax Collection Fund is an agency fund and is custodial in nature. It does not present results of operation or have a measurement focus. The agency fund also uses the modified cash basis of accounting. This fund is used to account for property tax collections which the township makes and distributes for others in an agency capacity.

Account Group. The General Fixed Asset Account Group is used to account for fixed assets of the Township.

**C. Assets, Liabilities and Equity**

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

- I. The Investment Policy adopted by the Township states that the township is limited to investments authorized by PA 20 of 1943, as amended, and may invest in the following:
- a. Bonds, securities, and other obligations of the United States or an agency or instrumentality of the United States.
  - b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution. Authorized depositories shall be designated by the Forest Township Board at the Board's organizational meeting after each regular election of board members.
  - c. Commercial paper rated at the time of purchase within the 2 highest classifications established by not more than 270 days after the date of purchase.
  - d. Repurchase agreements consisting of instruments listed in (a).
  - e. Bankers' acceptances of United States banks.
  - f. Investment pools through an interlocal agreement under the urban cooperation act of 1967, 1967 (Ex Sess) PA 7, MCL 124.501 to 124.512.
  - g. Investment pools organized under the surplus funds investment pool act, 1982 PA 367, 129.111 to 129.118.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

2. Receivables and Payables

Under the modified cash basis of accounting, the only noncash asset recorded is a receivable for uncollected property taxes. This receivable is entirely offset by a deferred revenue liability account so that income is only recognized when cash is received. The only other liability recognized is for unremitted payroll tax withholdings.

3. Fixed Assets

Fixed assets used in governmental fund types (general fixed assets) are accounted for in the General Fixed Assets Account Group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the Township) are not capitalized.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not included in the general fixed assets account group.

4. Fund Equity

Reservations of fund balance represent amounts that are not appropriable or are legally segregated for a specific purpose.

5. Use of Estimates

This presentation of financial statements requires the Township to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Actual results could differ from those estimates.

6. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

**A. Budgetary Information**

The annual budget is adopted on the modified cash basis in accordance with the requirements of Michigan Public Act 621 of 1978 "The Uniform Budgeting and Accounting Act". A public hearing is held to obtain taxpayer comments. Appropriations lapse at year end. Budget amounts presented are as originally adopted on February 5, 2003, or as amended on January 7, 2004, and March 3, 2004.

The appropriated budget is prepared by fund and activity. The Township Board exercises budgetary control over expenditures.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Township because it is not, at present, considered necessary to assure effective budgetary control or to facilitate effective cash planning and control.

III. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

**A. Deposits and Investments**

At year-end, the carrying amount of the Township's regular deposits was \$266,107 and the bank balance was \$266,406, of which \$132,341 was covered by federal depository insurance. The remaining \$134,065 was uninsured and uncollateralized.

The carrying amount of the Township's deposits and investments at year-end is shown below:

	GENERAL FUND	SPECIAL REVENUE FUNDS	CURRENT TAX COLLECTION FUND
Chemical Bank West			
Lake City, Michigan			
Commercial Account	\$ 0	\$ 0	\$ 7
Money Market Account	176,402	57,414	0
Fifth Third Bank			
Lake City, Michigan			
Certificate of Deposit	32,284	0	0
TOTAL	\$ 208,686	\$ 57,414	\$ 7

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**B. Fixed Assets**

Activity in the general fixed assets account group for the township for the year ended March 31, 2004, was as follows:

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
Land	\$ 8,000	\$ 0	\$ 0	\$ 8,000
Buildings and Improvements	26,028	0	0	26,028
Furniture and Equipment	17,388	1,821	0	19,209
TOTAL	\$ 51,416	\$ 1,821	\$ 0	\$ 53,237

**IV. OTHER INFORMATION**

**A. Property Taxes**

The Township levied 1.358 mills for general operating purposes on a taxable value of \$20,535,839. In addition, the Township levied .9910 mills for road improvements.

Properties are assessed January 1 and the related property taxes become a lien on December 1 of the same year. These taxes are due on or before February 28, before they are added to the County tax rolls. Property taxes levied December 1, which are collected prior to the end of the fiscal year are recognized as income in the year in which they are levied.

**B. Interest Income and Expense**

For the year ended March 31, 2004, interest income and expense was as follows:

	INTEREST	
	INCOME	EXPENSE
General Fund	\$ 646	\$ 0
Improvement Revolving Fund	82	0
Budget Stabilization	43	0
TOTAL	\$ 771	\$ 0

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

**C. Lake Missaukee Area Fire Authority**

The Lake Missaukee Area Fire Authority is a joint venture by and between the City of Lake City and the townships of Caldwell, Forest, Lake, Pioneer and Reeder. This joint venture was created to provide fire protection for the listed governments. Each municipality pays an annual base amount equal to one-half of one mill of taxable value of the real property located in the areas of the municipality covered by this agreement. In addition, the Township pays \$450 per fire run within the township.

In addition to the annual contribution, each township is required to contribute monies in order to purchase equipment.

For the year ended March 31, 2004, the Township contributed a total of \$11,775 to the Fire Authority.

The following financial information was taken from the Fire Authority's March 31, 2003, audited financial statements:

Total Assets	\$ 39,471
Investment in Fixed Assets	1,172,223
General Long-Term Debt	20,839
Balance - Unreserved	12,399
Balance - Reserved for Improvements	27,072
Total Receipts	104,141
Total Disbursements	111,817
Net Increase (Decrease) In Fund Balance	(7,676)

A copy of these audited financial statements may be obtained upon request from the Fire Authority treasurer.

**D. Retirement Plan**

Effective July 23, 1996, the Township established a Simplified Employee Pension - Individual Retirement Account (SEP-IRA). The plan was established with Auto Owners Insurance, Lansing, Michigan. The plan covers all employees who meet minimum participation requirements based on annual compensation. To be eligible for plan coverage each employee must be at least 18 years of age.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2004

Contributions to the plan are based on annual compensation and are payable annually. The Township's contribution to the plan is 15% of covered compensation. The Township's cash contribution to the plan for 2003-2004 was \$8,174. Covered compensation for the current year was \$54,493 and the total of all wages including non-covered wages was \$60,564.

The individual retirement account balances become the property of the employee immediately. Therefore, there are no plan assets or liabilities which are includible as part of the Township reporting entity.

**E. Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Township participates in a pool of municipalities within the State of Michigan for self-insuring property and casualty, crime, general liability and errors and omissions insurance. The Township pays annual premiums to the pool for the respective insurance coverage. In the event the pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessments to make up the deficiency. The Township has not been informed of any special assessments being required for the current year or the three prior years.

The Township continues to carry insurance for other risks of loss, including worker's compensation insurance and fidelity bonds.

**F. Property Tax Administration Fee**

The Township passed a resolution to charge a 1% administration fee on all ad valorem, taxes levied. The resolution is to continue in force and effect until revoked by the Township Board.

The Township has determined that authorized costs of tax collections will be repeatedly in excess of the revenues generated by the administration fee so that a restricted earnings account is not reflected in these statements.

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Money Market Accounts	\$ 176,402
Certificate of Deposit	32,284
Taxes Receivable	<u>3,358</u>
 TOTAL ASSETS	 <u><u>\$ 212,044</u></u>

LIABILITIES AND EQUITY

LIABILITIES

Deferred Revenue	\$ 3,358
Payroll Withholdings Payable	<u>803</u>
 Total Liabilities	 \$ 4,161

BALANCE

Unreserved	<u>207,883</u>
 TOTAL LIABILITIES AND EQUITY	 <u><u>\$ 212,044</u></u>



FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes	\$ 38,384	\$ 41,254	\$ 2,870
State Grants	67,227	80,096	12,869
Charges for Services	0	1	1
Interest and Rents	2,640	646	(1,994)
Other Receipts	0	5,369	5,369
	<hr/>		
Total Receipts	\$ 108,251	\$ 127,366	\$ 19,115
<u>DISBURSEMENTS</u>			
Legislative			
Township Board	\$ 12,696	\$ 7,070	\$ 5,626
General Government			
Supervisor	12,654	12,072	582
Elections	2,500	71	2,429
Assessor	24,588	21,421	3,167
Clerk	11,954	11,235	719
Board of Review	2,200	1,145	1,055
Treasurer	24,426	24,009	417
Building and Grounds	8,000	9,732	(1,732)
Public Safety			
Liquor Law Enforcement	1,296	1,229	67
Fire Protection	15,000	12,050	2,950
Public Works			
Street Lighting	2,200	1,600	600
Parks and Recreation	0	1,001	(1,001)
Other Functions			
Insurance and Bonds	3,500	2,008	1,492
Employee Benefits	13,229	13,230	(1)
	<hr/>		
Total Disbursements	\$ 134,243	\$ 117,873	\$ 16,370

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE

BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
Excess of Receipts Over (Under) Disbursements	\$ (25,992)	\$ 9,493	\$ 35,485
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)			
Budget Stabilization Fund	\$ 0	\$ 143	\$ 143
Improvement Revolving Fund	(2,000)	(2,000)	0
Total Other Financing Sources (Uses)	\$ (2,000)	\$ (1,857)	\$ 143
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ (27,992)	\$ 7,636	\$ 35,628
<u>BALANCE</u> - April 1, 2003	200,247	200,247	0
<u>BALANCE</u> - March 31, 2004	\$ 172,255	\$ 207,883	\$ 35,628

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH RECEIPTS  
FOR THE YEAR ENDED MARCH 31, 2004

TAXES

Current Property Taxes	\$ 24,546	
Industrial Facilities Taxes	441	
Delinquent Property Taxes	3,548	
Swamp Tax	5,691	
Property Tax Administrative Fee	<u>7,028</u>	
Total Taxes		\$ 41,254

STATE GRANTS

State Revenue Sharing		
Sales and Use Tax	\$ 78,651	
Liquor Law Enforcement	<u>1,445</u>	
Total State Grants		80,096

CHARGES FOR SERVICES

Dog License Fees		1
------------------	--	---

INTEREST AND RENTS

Interest Earnings		646
-------------------	--	-----

OTHER RECEIPTS

Fire Runs	\$ 2,295	
Refunds and Rebates	<u>3,074</u>	
Total Other Receipts		<u>5,369</u>
TOTAL CASH RECEIPTS		\$ 127,366

OTHER FINANCING SOURCES

Operating Transfers In		
Budget Stabilization Fund		<u>143</u>
TOTAL CASH RECEIPTS AND OTHER FINANCING SOURCES		<u>\$ 127,509</u>

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

LEGISLATIVE

Township Board

Personal Services

Salaries and Wages	\$	2,696
--------------------	----	-------

Supplies

Office Supplies		316
-----------------	--	-----

Other Services and Charges

Contracted Services		3,528
---------------------	--	-------

Dues and Subscriptions		506
------------------------	--	-----

Miscellaneous		24
---------------	--	----

Total Legislative		\$ 7,070
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GENERAL GOVERNMENT

Supervisor

Personal Services

Salaries and Wages	\$ 8,980	
--------------------	----------	--

Salaries and Wages - Deputy	674	
-----------------------------	-----	--

Salaries and Wages - Clerical	500	
-------------------------------	-----	--

Supplies

Office Supplies	418	
-----------------	-----	--

Other Services and Charges

Travel	422	
--------	-----	--

Education and Training	400	
------------------------	-----	--

Communications	678	\$ 12,072
----------------	-----	-----------

Elections

Supplies

Office Supplies		71
-----------------	--	----

Assessor

Personal Services

Salaries and Wages	\$ 18,544	
--------------------	-----------	--

Supplies

Office Supplies	566	
-----------------	-----	--

Other Services and Charges

Contracted Services	2,311	21,421
---------------------	-------	--------

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Clerk

Personal Services

Salaries and Wages	\$ 8,980
Salaries and Wages - Deputy	674
Salaries and Wages - Clerical	500

Supplies

Office Supplies	979
-----------------	-----

Other Services and Charges

Travel	87
Printing and Publishing	15

11,235

Board of Review

Personal Services

Salaries and Wages	\$ 1,050
--------------------	----------

Other Services and Charges

Miscellaneous - Other	95
-----------------------	----

1,145

Treasurer

Personal Services

Salaries and Wages	\$ 11,227
Salaries and Wages - Deputy	674
Salaries and Wages - Clerical	1,340
Salaries and Wages - Summer Collection	4,725

Supplies

Office Supplies	1,482
-----------------	-------

Other Services and Charges

Contracted Services	1,646
Travel	600
Education and Training	299
Communications	195

Capital Outlay

1,821 24,009

Building and Grounds

Supplies

Office Supplies	\$ 808
-----------------	--------

Other Services and Charges

Contracted Services	2,615
Repairs and Maintenance	35
Printing and Publishing	92
Communications	799

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

Utilities	2,833		
Trash Removal	<u>2,550</u>	<u>9,732</u>	
Total General Government			79,685
<u>PUBLIC SAFETY</u>			
Liquor Law Enforcement			
Supplies			
Operating Supplies	\$ 43		
Other Services and Charges			
Contracted Services	<u>1,186</u>	\$ 1,229	
Fire Protection			
Personal Services			
Salaries and Wages - Per Diem	\$ 275		
Other Services and Charges			
Aid to Other Governments	<u>11,775</u>	<u>12,050</u>	
Total Public Safety			13,279
<u>PUBLIC WORKS</u>			
Street Lighting			
Other Services and Charges			
Public Utilities			1,600
<u>PARKS AND RECREATION</u>			
Other Services and Charges			
Aid to Other Governments			1,001
<u>OTHER FUNCTIONS</u>			
Insurance and Bonds		\$ 2,008	
Employee Benefits			
Pension Contribution	\$ 8,174		
Medicare and Social Security	4,633		
Workers Compensation	<u>423</u>	<u>13,230</u>	
Total Other Functions			<u>15,238</u>
TOTAL CASH DISBURSEMENTS			\$ 117,873

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FUND

ANALYSIS OF CASH DISBURSEMENTS  
FOR THE YEAR ENDED MARCH 31, 2004

OTHER FINANCING USES

Operating Transfers Out

Improvement Revolving Fund

2,000

TOTAL CASH DISBURSEMENTS AND  
OTHER FINANCING USES

\$ 119,873

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FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

	<u>ASSETS</u>	<u>ROAD FUND</u>
Cash		
Money Market Account		\$    30,176
Taxes Receivable		<u>2,450</u>
TOTAL ASSETS		<u><u>\$    32,626</u></u>
	<u>LIABILITIES AND BALANCE</u>	
<u>LIABILITIES</u>		
Deferred Revenue		<u>\$        2,450</u>
<u>BALANCE</u>		
Reserved for		
Road Improvements		\$    30,176
Township Improvements		0
Unreserved		
Undesignated		<u>0</u>
Total Balance		<u>\$    30,176</u>
TOTAL LIABILITIES AND BALANCE		<u><u>\$    32,626</u></u>

STATEMENT 5

IMPROVEMENT REVOLVING FUND	BUDGET STABILIZATION FUND	TOTALS
\$ 17,208 0	\$ 10,030 0	\$ 57,414 2,450
\$ 17,208	\$ 10,030	\$ 59,864
\$ 0	\$ 0	\$ 2,450
\$ 0 17,208	\$ 0 0	\$ 30,176 17,208
0	10,030	10,030
\$ 17,208	\$ 10,030	\$ 57,414
\$ 17,208	\$ 10,030	\$ 59,864

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

	<u>ROAD FUND</u>
<u>RECEIPTS</u>	
Taxes	\$ 20,767
Interest and Rents	<u>0</u>
Total Receipts	<u>\$ 20,767</u>
<u>DISBURSEMENTS</u>	
General Government	
Buildings and Grounds	\$ 0
Public Works	
Highways, Streets and Bridges	<u>2,764</u>
Total Disbursements	<u>\$ 2,764</u>
Excess of Receipts Over (Under) Disbursements	\$ 18,003
<u>OTHER FINANCING SOURCES (USES)</u>	
Operating Transfers In (Out)	
General Fund	<u>0</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ 18,003
<u>BALANCE</u> - April 1, 2003	<u>12,173</u>
<u>BALANCE</u> - March 31, 2004	<u><u>\$ 30,176</u></u>

STATEMENT 6

IMPROVEMENT REVOLVING FUND	BUDGET STABILIZATION FUND	TOTALS
\$ 0	\$ 0	\$ 20,767
82	43	125
\$ 82	\$ 43	\$ 20,892
\$ 0	\$ 0	\$ 0
0	0	2,764
\$ 0	\$ 0	\$ 2,764
\$ 82	\$ 43	\$ 18,128
2,000	(143)	1,857
\$ 2,082	\$ (100)	\$ 19,985
15,126	10,130	37,429
\$ 17,208	\$ 10,030	\$ 57,414

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

ROAD FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 30,176
Taxes Receivable	<u>2,450</u>
 TOTAL ASSETS	 <u><u>\$ 32,626</u></u>

LIABILITIES AND BALANCE

LIABILITIES

Deferred Revenue	\$ 2,450
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BALANCE

Reserved for Road Maintenance	<u>30,176</u>
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TOTAL LIABILITIES AND BALANCE	<u><u>\$ 32,626</u></u>
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FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

ROAD FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Taxes			
Current Property Taxes	\$ 21,318	\$ 17,911	\$ (3,407)
Industrial Facilities Tax	0	322	322
Delinquent Tax and Interest	0	2,534	2,534
Total Receipts	\$ 21,318	\$ 20,767	\$ (551)
<u>DISBURSEMENTS</u>			
Public Works			
Highways, Streets and Bridges			
Other Services and Charges			
Repairs and Maintenance	21,500	2,764	18,736
Excess of Receipts Over (Under) Disbursements	\$ (182)	\$ 18,003	\$ 18,185
<u>BALANCE</u> - April 1, 2003	8,247	12,173	3,926
<u>BALANCE</u> - March 31, 2004	\$ 8,065	\$ 30,176	\$ 22,111

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

IMPROVEMENT REVOLVING FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

MARCH 31, 2004

ASSETS

Cash	
Money Market Account	\$ 17,208

LIABILITIES AND BALANCE

<u>LIABILITIES</u>	\$ 0
--------------------	------

BALANCE

Reserved for Township Improvements	17,208
------------------------------------	--------

TOTAL LIABILITIES AND BALANCE	\$ 17,208
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FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

IMPROVEMENT REVOLVING FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Interest and Rents			
Interest Earnings	\$ 360	\$ 82	\$ (278)
<u>DISBURSEMENTS</u>			
Building and Grounds	0	0	0
Excess of Receipts Over (Under) Disbursements	\$ 360	\$ 82	\$ (278)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating Transfers In (Out)			
General Fund	2,000	2,000	0
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	\$ 2,360	\$ 2,082	\$ (278)
<u>BALANCE</u> - April 1, 2003	15,207	15,126	(81)
<u>BALANCE</u> - March 31, 2004	\$ 17,567	\$ 17,208	\$ (359)



FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

BUDGET STABILIZATION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

	<u>ASSETS</u>	
Cash		
Money Market Account		\$ 10,030
		<u>10,030</u>
	<u>LIABILITIES AND BALANCE</u>	
<u>LIABILITIES</u>		\$ 0
<u>BALANCE</u>		
Unreserved		<u>10,030</u>
TOTAL LIABILITIES AND BALANCE		<u>\$ 10,030</u>

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

BUDGET STABILIZATION FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED MARCH 31, 2004

	BUDGET	ACTUAL	VARIANCE- FAVORABLE (UNFAVORABLE)
<u>RECEIPTS</u>			
Interest and Rents			
Interest Earnings	\$ 300	\$ 43	\$ (257)
<u>DISBURSEMENTS</u>	0	0	0
Excess of Receipts Over (Under) Disbursements	\$ 300	\$ 43	\$ (257)
<u>OTHER FINANCING USES</u>			
Operating Transfers Out General Fund	0	(143)	(143)
Excess of Receipts Over (Under) Disbursements and Other Financing Uses	\$ 300	\$ (100)	\$ (400)
<u>BALANCE</u> - April 1, 2003	10,180	10,130	(50)
<u>BALANCE</u> - March 31, 2004	\$ 10,480	\$ 10,030	\$ (450)

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS  
MARCH 31, 2004

<u>ASSETS</u>		
Cash		
Commercial Account		\$ 7
<u>BALANCE</u>		
Unreserved		\$ 7

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

RECEIPTS

Current Tax Collections		
Regular Tax Roll	\$	600,586
Industrial Facilities Tax Roll		15,005
Delinquent Tax and Interest		1,296
Commercial Forest Reserve		893
Property Tax Administration Fees		6,094
Overcollections from Taxpayers		404
Dog License Fees		35
		<hr/>
Total Receipts	\$	624,313

DISBURSEMENTS

Payments to State of Michigan		
Industrial Facilities Tax	\$	10,943
Payments to County Treasurer		
Current Tax	\$	126,370
Current Tax - State Education Tax		95,421
Industrial Facilities Tax		2,268
Delinquent Tax and Interest		546
Commercial Forest Reserve		893
Dog License Fees		34
		<hr/>
		225,532
Payments to Township Treasurer		
Current Tax		
Operating	\$	24,546
Roads		17,911
Sewer Special Assessment		5,722
Industrial Facilities Tax		
Operating		441
Roads		322
Delinquent Tax and Interest		
Roads		30
Property Tax Administration Fees		6,200
Dog License Fees		1
		<hr/>
		55,173

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

CURRENT TAX COLLECTION FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN BALANCE  
FOR THE YEAR ENDED MARCH 31, 2004

Payments to School Treasurer			
Lake City Area Schools			
Current Tax	\$	222,147	
Industrial Facilities Tax		941	
Delinquent Tax and Interest		<u>547</u>	223,635
Payments to Intermediate School Treasurer			
Wexford-Missaukee			
Current Tax	\$	108,469	
Industrial Facilities Tax		90	
Delinquent Tax and Interest		<u>173</u>	108,732
Refunds for Overcollections			<u>404</u>
Total Disbursements			<u>624,419</u>
Excess of Receipts Over (Under) Disbursements			\$ (106)
<u>BALANCE</u> - April 1, 2003			<u>113</u>
<u>BALANCE</u> - March 31, 2004			<u><u>\$ 7</u></u>

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

GENERAL FIXED ASSETS GROUP OF ACCOUNTS

STATEMENT OF CHANGES IN GENERAL FIXED ASSETS  
FOR THE YEAR ENDED MARCH 31, 2004

	BALANCE 4/1/03	ADDITIONS	DELETIONS	BALANCE 3/31/04
<u>GENERAL FIXED ASSETS</u>				
Land	\$ 8,000	\$ 0	\$ 0	\$ 8,000
Buildings and Improvements	26,028	0	0	26,028
Furniture and Equipment	17,388	1,821	0	19,209
	<u>\$ 51,416</u>	<u>\$ 1,821</u>	<u>\$ 0</u>	<u>\$ 53,237</u>
<u>INVESTMENT IN GENERAL FIXED ASSETS</u>	<u>\$ 51,416</u>	<u>\$ 1,821</u>	<u>\$ 0</u>	<u>\$ 53,237</u>

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FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

STATEMENT OF 2003 WINTER TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County	\$	143,659	
Township			
Operating		27,904	
Roads		20,361	
Sewer Special Assessment		5,722	
School			
Lake City Area Schools		246,784	
Intermediate School			
Wexford-Missaukee		<u>123,311</u>	\$ 567,741

TAXES COLLECTED

County	\$	126,370	
Township			
Operating		24,546	
Roads		17,911	
Sewer Special Assessment		5,722	
School			
Lake City Area Schools		222,147	
Intermediate School			
Wexford-Missaukee		<u>108,469</u>	<u>505,165</u>

TAXES RETURNED DELINQUENT

County	\$	17,289	
Township			
Operating		3,358	
Roads		2,450	
Sewer Special Assessment		0	
School			
Lake City Area Schools		24,637	
Intermediate School			
Wexford-Missaukee		<u>14,842</u>	<u>\$ 62,576</u>



FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

STATEMENT OF 2003 WINTER INDUSTRIAL FACILITIES TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County	\$	2,268	
Township			
Operating		441	
Roads		322	
School			
Lake City Area Schools			
Local Share		941	
State Share		5,841	
Intermediate School			
Wexford-Missaukee			
Local Share		90	
State Share		1,857	\$ 11,760

TAXES COLLECTED

County	\$	2,268	
Township			
Operating		441	
Roads		322	
School			
Lake City Area Schools			
Local Share		941	
State Share		5,841	
Intermediate School			
Wexford-Missaukee			
Local Share		90	
State Share		1,857	11,760

TAXES RETURNED DELINQUENT

County	\$	0
Township		
Operating		0
Roads		0

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

STATEMENT OF 2003 WINTER INDUSTRIAL FACILITIES TAX ROLL  
MARCH 31, 2004

School			
Lake City Area Schools			
Local Share	0		
State Share	0		
Intermediate School			
Wexford-Missaukee			
Local Share	0		
State Share	<u>0</u>	\$	<u><u>0</u></u>

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

STATEMENT OF 2003 SUMMER TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

County	
State Education Tax	\$ 102,756

TAXES COLLECTED

County	
State Education Tax	<u>95,421</u>

TAXES RETURNED DELINQUENT

County	
State Education Tax	<u><u>\$ 7,335</u></u>

FOREST TOWNSHIP, MISSAUKEE COUNTY  
LAKE CITY, MICHIGAN

STATEMENT OF 2003 SUMMER INDUSTRIAL FACILITIES TAX ROLL  
MARCH 31, 2004

TAXES ASSESSED

State of Michigan	
State Education Tax	\$ 3,245

TAXES COLLECTED

State of Michigan	
State Education Tax	<u>3,245</u>

TAXES RETURNED DELINQUENT

State of Michigan	
State Education Tax	<u><u>\$ 0</u></u>

# *Baird, Cotter and Bishop, P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

June 17, 2004

## LETTER OF COMMENTS AND RECOMMENDATIONS

To the Township Board  
Forest Township  
Missaukee County  
Lake City, Michigan

Having completed our audit of the general-purpose financial statements of Forest Township for the year ended March 31, 2004, we noted the following:

### Budgeting

Pertaining to the Township's compliance with Public Act 621 of 1978, the following item is noted:

Three activities in the General Fund exceeded the budgeted amounts. These overages were the result of audit adjustments made and posted after the end of the fiscal year. The overall budget preparation and monitoring is being done very efficiently.

### Government Accounting Standards Board (GASB) Statement 34

GASB has issued its new financial accounting model for governmental entities. This pronouncement will become effective for Forest Township for its fiscal year ending March 31, 2005. The most significant change will be the requirement to report cost and depreciation information for fixed assets such as buildings and equipment. The board should be taking steps to accumulate this information in the near future. We are available to advise you on how to proceed with this project.

### Accounting Records

The Township Clerk and Treasurer are doing a fine job of maintaining the accounting records in a manner which complies with the State's uniform accounting system.

We would like to thank the board for its continued confidence in our firm and to thank the township clerk and treasurer for their cooperation.

If you have any questions relative to the above comments and recommendations or other areas of your annual accounting, please feel free to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*

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**CERTIFIED PUBLIC ACCOUNTANTS**

June 17, 2004

LETTER OF REPORTABLE CONDITIONS

To the Township Board  
Forest Township  
Missaukee County  
Lake City, Michigan

In planning and performing our audit of the general-purpose financial statements of Forest Township, Missaukee County, Lake City, Michigan for the year ended March 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control structure. However, we noted certain matters that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

The relatively small number of people involved in the accounting functions of the Township and the design of the accounting system as developed by the state make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe that the condition described above is a material weakness.

This report is intended solely for the information and use of the Board and others within the organization. This restriction is not intended to limit the distribution of the report, which is a matter of public record.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

*Baird, Cotter & Bishop, P.C.*